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5 FEB 1958

## MEMORANDUM FOR THE RECORD

SUBJECT: Procurement from Agency Stock Accounts

1. On 4 February 1958 a meeting was held in the Budget Division with members of the Offices of Logistics, Communications, and the Technical Services and Medical Staffs in an attempt to clarify some of the problems arising out of headquarters procurement under the property authorization and stock account systems. At that meeting the philosophy back of the formation of the stock accounts and the events leading up to current procedures were discussed, particularly as they relate to the financing of "new" procurement.

2. After considerable discussion it was decided that for the remainder of FY 1958 the present procedure would remain substantially the same, but with an attempt to define in broad terms "replacement" as distinguished from "new" procurement. These procurement and financing principles can be summarized as follows:

a. Procurement of New Items

(1) Where the new item to be procured is similar to, a substitute for, or an improved version of a stocked or budgeted item and the procurement is not planned as an increase in inventory levels, it will be financed as heretofore within the limitations of the stock account allotments.

(2) Procurement of new items and general increases in stock or inventory levels which have not been included in the budget, including material for new projects, programs, or activities, will be referred to the PRC for approval unless available funds from other sources in the budget can be quoted for its financing.

The primary responsibility for distinguishing between these two categories will be that of the technical office involved (Commo, TSS, Medical) and the Office of Logistics, with the Budget Division assisting in resolving any differences which might develop.

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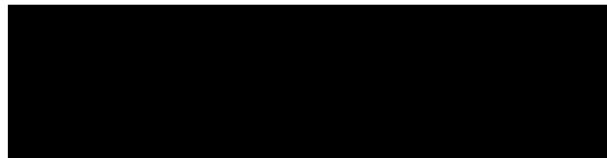
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b. Financing of Procurement

(1) The Budget Division will notify the Office of Logistics and the technical office concerned of the amount available for procurement for the 3rd quarter of FY 1958. This amount will be available for allotment as requested.

(2) The Budget Division will consider the problems incidental to establishing the probable amount available for the 4th quarter of FY 1958 which could be used as a planning figure and will determine, as soon as possible, whether such information can be made available generally.

3. The Chief, Budget Division will meet with the Director of Logistics to discuss the basic problems involved in the budgeting and administration of procurement funds.


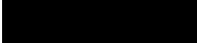
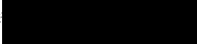
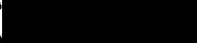



Chief, Budget Division

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Distribution:

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